

REMARKS

I. Status of the Claims and Specification

Claims 5, 6, 8, 9, 11, 12, 13, 15, 19, 20, and 22 have been amended. Claims 1-4, 7, 14, 18, and 21 have been canceled. New claims 26-28 have been added. Claims 5, 6, 8-13, 15-17, 19, 20, and 22-28 are currently pending. No new matter is introduced by this Amendment.

II. Rejections Under 35 U.S.C. § 112

Claim 12 has been rejected under 35 U.S.C. § 112, first paragraph, for alleged failure to comply with the written description and enablement requirements. Claim 5 has been rejected under 35 U.S.C. § 112, second paragraph, as allegedly indefinite. Applicant traverses and disagrees with these rejections for at least the following reasons.

With respect to claim 12, the Examiner contends there is no written description support for “collecting” and “forwarding” taxes. Original claim 4, which is part of the as-filed specification, is directed to a method that provides for “collection” of taxes and “forwards” the proceeds to relevant tax authorities. Nonetheless, this rejection is rendered moot by Applicant’s amendment removing the terms “forwarding” and “collecting.”

With respect to claim 5, the Examiner contends there is insufficient antecedent basis for the term “account balance.” Applicant has amended claim 5 to instead recite “user account balance.” Accordingly, Applicant respectfully requests withdrawal of these 112 rejections.

III. Rejections Under 35 U.S.C. § 101

Claim 12 has been rejected under 35 U.S.C. § 101 for allegedly lacking patentable utility. Claims 5-25 have been rejected under 35 U.S.C. § 101 for allegedly being directed to non-

statutory subject matter. Applicant traverses and disagrees with these rejections for at least the following reasons.

The Examiner contends that claim 12 does not cite a method for collecting and forwarding taxes. In particular, the issue appears to be in the alleged difficulty of “calculating” certain taxes, which is not claimed. Applicant has amended claim 12 to instead recite “wherein said at least a portion of said positive value includes an amount for taxes.” For example, the claimed method provides for methods of payment where the amount debited includes an amount for the purchase price plus an amount for taxes.

With respect to claims 5-25, the Examiner contends that independent claims 5, 13, and 20 are directed to non-statutory subject matter, in particular, methods that allegedly do not recite another statutory class (thing or product). As discussed in a recent telephonic interview with the Examiner, which Applicant appreciates, claim 5 is directed to a method and does recite terms, such as “internet” and “pre-paid smart card,” and refers to “electronically” debiting and crediting, which the Examiner agrees is statutory subject matter. The rejection of claim 13 is in error, as it is directed to a “system,” not a “method.” Claim 20 refers to an “e-commerce” payment method, which is also statutory subject matter. Nonetheless, as approved by the Examiner in the telephonic interview, Applicant has inserted the term “electronically” where appropriate in the claims. Applicant respectfully requests withdrawal of all of the 35 U.S.C. § 101 rejections.

IV. Rejections Under 35 U.S.C. § 103

Claims 5-11 and 13-24 have been rejected under 35 U.S.C. § 103 as allegedly obvious and unpatentable over U.S. Published Application No. 2005/0021455 (“Webster”) and further in

view of Official Notice. Claim 12 has been rejected under 35 U.S.C. § 103 as allegedly obvious and unpatentable over Webster and further in view of “Sales Tax Compliance Software” (“CCH”). Claim 25 has been rejected under 35 U.S.C. § 103 as allegedly obvious and unpatentable over Webster and further in view of U.S. Published Application No. 2005/0177437 (“Ferrier”). Applicant respectfully traverses these rejections for at least the following reasons.

“[W]hen the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains,” then a *prima facie* case of obvious is made. *KSR Int’l. Co. v. Teleflex Inc.*, 127 S.Ct. 1727 (2007). No *prima facie* case of obviousness has been made in this case, because there are differences between the teachings of the references cited and the claimed subject matter that would not have been obvious. None of the references, alone or in combination, teach or suggest a user online at any time crediting an account with a pre-paid smart card, wherein electronically crediting, depositing, debiting, or withdrawing positive value is performed without disclosing a user’s confidential information, an element of each of Applicant’s independent claims.

All of the rejections rely on Webster for the proposition that Webster provides a secure transaction, however, unlike Applicant, Webster’s online transactions always involve the disclosure of a user’s confidential information. Webster’s online transfers put an individual’s confidential information at risk because the user is disclosing his confidential information (such as bank account information) to make the transaction. For example, Webster, at [0029], provides that deposits can be made by users “directly from their bank accounts.” Alternatively, a user can use a “debit card,” which “debits an amount directly from the customer’s bank account.” Webster, at [0030]. Even though Webster attempts to make the transaction secure, in reality, the

customer's information is still at risk because the customer inherently is providing his bank account or credit card information in order to credit the user account online. Alternatively, the Webster user has the ability of off-line "paying cash or cheques into their system account via their bank or other institution." Webster, at [0031]. This option, however, is not relevant to the present invention as it is an off-line procedure and involves a bank or institution to make the funds transfer. With a bank or other institution involved in the process offline, the user is limited as to when he can credit the account because of the nature of cash or checks, which must be handed to the bank in person and which can only be done during the bank's operating hours. In contrast, the present invention allows for transfers to be made by a user online at any time.

Webster claims to increase security by having a private and public component to its account, however, even though the private component is not readily available to others on its face, the user is still disclosing his confidential information (bank account or credit card number) in the process of making an online electronic transfer. Although the disclosure in this situation is not made directly to another party, the disclosure is made in general to the internet, which is susceptible to hacking, a means by which others could potentially obtain the disclosed user confidential information. Anytime an on-line transaction involves disclosure of confidential information (credit card numbers, bank account numbers, etc.), even if access is limited, there is a risk that the confidential information may eventually be compromised. In the claimed systems and methods of the invention, there is no need for users to disclose the user's confidential information under any circumstances.

Further, although the Examiner has not satisfied her burden of presenting a *prima facie* case of obviousness and the burden of proof has not yet shifted to Applicant to negate obviousness, Applicant provides evidence of secondary considerations. Applicant fulfills several

long-felt but unsolved needs in the on-line marketplace: the need for electronic transactions that do not require disclosure of a user's confidential information and a mechanism for individuals to be able to make on-line purchases without a debit card, credit card, or bank account. Simply, users can purchase "smart cards" issued by a third party entity and sold at any location (for example, gas station) and load value onto the card by giving the cashier money. Armed with a smart card, a user can log into a third party institution's website, create an electronic account, enter the value on the smart card, and have the value on the smart card credited to the user's account. Online merchants may also create electronic accounts with the third party institution and accept this payment option on their websites. Users under this system can make purchases from participating merchants' sites, and fund the accounts by purchasing pre-paid smart cards issued by a third party institution without disclosing personal and confidential information, such as bank account, social security, and credit card numbers. The third party acts as an intermediary between registered merchants and users. This type of system provides for more confidence in purchasing over the internet and gives those who may not have been able to participate in on-line purchasing the opportunity to finally do so. Both of which are long-felt but unsolved needs, which must not be overlooked.

Accordingly, Applicant requests withdrawal of the 35 U.S.C. § 103 rejections and the timely allowance of all pending claims.

V. Conclusion

In view of the foregoing Amendment and Remarks, Applicant submits that this application is in condition for allowance. Applicant therefore requests entry of this Amendment, the Examiner's reconsideration and reexamination of the application, and the timely allowance

of all pending claims. Applicant additionally requests a telephonic interview between Applicant's representative and the Examiner, should the Examiner disagree.

Please grant any extensions of time required to enter this Reply and charge any required fees to Deposit Account No. 50-3740.

Respectfully submitted,



Date: October 1, 2008

By: _____

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